Delhi, was suspected to be involved in smuggling of gold. Disciplinary proceedings against the officer are contemplated in consultation with Central Vigilance Commission. However a show cause notice has been issued to the officer under the Customs Act, 1962. As regards prosecution, a decision can be taken after conclusion of departmental adjudication which is currently in progress.

[Translation]

SHRI DINSHA PATEL: Mr. Speaker, Sir, the statement shows that there were 632 cases in 1994-95 and 702 in 1995-96. I would like to know from the hon. Minister the quantity of gold seized and the value thereof as also the amount of fine realised from those arrested.

[English]

SHRI P. CHIDAMBARAM: Sir, in 1994-95 the number of cases registered was 632, the quantity of the gold seized was 1,086 kgs., the value of the gold seized was Rs. 55.43 crore, 265 persons were arrested, 209 have been prosecuted and 59 have been detained under COFEPOSA Act. In 1995-96, 702 cases were registered, 1,052 kgs. of gold worth Rs. 54.17 crore was seized, 301 persons were arrested, 229 have been prosecuted and 64 have been detained under COFEPOSA Act.

[Translation]

SHRI DINSHA PATEL: An officer posted at the Indira Gandhi International Airport was suspected of involvement in gold smuggling. According to the reply, he was served a notice two years back. I want to know what happened to it. A big quantity of gold was smuggled by one officer alone. I would like to ask the Hon. Minister what reply was received to the notice issued under the 1962 Act and what action was taken against that officer...*(Interruptions)*

[English]

SHRI RAJESH PILOT: Sir, the moment smuggling is discussed, the BJP is coming inside.

SHRI P. CHIDAMBARAM: Sir, he should be happy that it is smuggling of gold.

Sir, an officer of the rank of Superintendent in Central Excise and Customs was *prima facie* found involved in abetment of smuggling of gold at the Indira Gandhi International Airport on the night of 19th-20th of August, 1995. A statement by the passenger has been recorded and of another person who was waiting outside the Customs Hall. He identified the Superintendent of Central Excise. A slip of paper was also recovered. Disciplinary action is being contemplated against the officer under the Conduct Rules. The case has been referred to the Central Vigilance Commission for first stage advice. Simultaneously a show cause Notice under the Customs Act has also been issued. As soon as we receive the first stage advice from the Central Vigilance Commission, further disciplinary proceedings will be taken.

SHRI RAJESH PILOT: Mr. Speaker, Sir, the hon. Minister may consider the speech made by the Revenue Secretary in the DGs' Conference a year back to the effect that about Rs. 40,000 to Rs. 50,000 crore is in the pipeline through smuggling, narcotics, *havala* and different other rackets. This was the speech given by the Revenue Secretary at that time to the DGs' Conference. At that time, the response from the DGs was that not many teeth were there in the law. We initiated action to bring a more teething edge to the law. It is in the process. This is one of the diseases which poses a threat to the internal security of the nation and all other things are born out of this. What action does the Government propose to take in this direction because this is one of the important sectors where the Government must pay its attention?

12.00 hrs.

SHRI P. CHIDAMBARAM: Sir, we are talking about gold. There is a great appetite for gold in this country. If you try to prevent it completely, it will be smuggled. That is why the previous Government and I think rightly allowed the import of gold through legitimate sources, that is NRIs returning and one through the EFC account. Now, large amount of gold comes through legitimate channels and also earns revenue for the Government. For example, in the last year, 1995-96, 218 tonnes of gold came to the country through legitimate channels. Yet Intelligence shows that the appetite for gold, the demand for gold in this country is about 450 to 500 tonnes. As long as that appetite is there and all you have to do is, go back home and ask why this appetite is there the gold will be smuggled into the country. Even the poorest people somehow find a need to buy some gold. I think, over a period of time we should liberalise this policy. But at the moment, this is the policy.

WRITTEN ANSWERS TO QUESTIONS

Losses to Indian Bank

*484. KUMARI SUSHILA TIRIYA:
SHRI GEORGE FERNANDES:

Will the Minister of FINANCE be pleased to state:

(a) whether Indian Bank has reported a loss of thousands crores of rupees during 1995-96?

(b) if so, the details thereof and the reasons therefor;

(c) whether any inquiry has been conducted in the matter?

(d) if so, the outcome thereof and the action taken thereon;

(e) whether this is highest loss ever suffered by a commercial bank in the history of Indian banking; and

(f) the preventive steps taken or proposed to be taken in regard thereto?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) Indian Bank have reported a loss of Rs. 1336.40/- crores in 1995-96.

(b) These losses are mainly on account of provisioning for loan losses for 1995-96 and additional provisioning on account of short provisioning in earlier years based on the income recognition and asset classification of advances apart from funding losses. The funding losses are on account of large expansion of credit being funded by certificates of deposits whose cost exceeded the earnings on their deployment.

(c) to (d) & (f). A strategy is being devised for the revival of Indian Bank. At the instance of Reserve Bank of India the Indian Bank has appointed Investment Information and Credit Rating Agency of India (ICRA), a leading firm of consultants for suggesting a strategy for turn around. The Bank has also set up a Management Council to oversee its operations in all areas, an Investment Committee and a Committee of General Managers to closely monitor its large Non-Performing Assets and the recovery of funds.

(e) The losses suffered by Indian Bank are the highest suffered by any public sector bank.

Bogus Stock Invest

*485. SHRI ANANTH KUMAR : Will the Minister of FINANCE be pleased to state :

(a) whether the Securities and Exchange Board of India (SEBI) has recently busted a racket involving use of bogus stock invests while subscribing to public issues;

(b) if so, the details thereof company-wise and bank-wise;

(c) the action taken or proposed to be taken against persons involved in the racket; and

(d) the steps taken or proposed to be taken to check recurrence of such cases?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM) : (a) SEBI has identified 9 cases of public issues by Companies based in Ahmedabad and Indore where the issues have reportedly been subscribed through Fake/ Bogus Stockinvests.

(b) Company-wise and bank-wise details are given in the attached Statement.

(c) and (d). SEBI has taken the following steps :

(i) Show-cause notices have been issued to the issuers for refund of the subscription amount to the public;

(ii) The Stock Exchanges concerned have been advised to lodge complaints with the police;

(iii) Stock Exchanges have been advised to exercise caution at the time of finalisation of the basis of allotment.

(iv) The Reserve Bank of India has also been requested to take up inspection of the banks concerned.

STATEMENT

Sl. No.	Name of the Issue	Stock Invest Claimed to be issued by*					Total Amount
		Date of Opening	Vijay Bank Nasik Branch		Federal Bank Nasik Branch		
			No.	Amt. (Rs. Lacs)	No.	Amt. (Rs. Lacs)	(Rs. Lacs)
1.	Trendline Finance Limited, Ahmedabad	20/5/96	1850	180.00	-	-	180.00
2.	Prachi Leasing & Finance Limited, Ahmedabad	13/5/96	2499	124.95	93	498.20	623.15
3.	Harihar Chemicals Ltd., Ahmedabad	26/6/96	1038	62.95	-	-	62.95
4.	Swarshilp Properties Ltd., Ahmedabad	9/7/96	55	56.05	-	-	56.05